

November 4, 2006

**MEDIA STATEMENT FROM THE
SUPERVISORY BOARD OF *MCA: TIMOR-LESTE***

**Millennium Challenge program to create
thousands of jobs in Timor-Leste**

A major development program which will create thousands of long-term jobs in Timor-Leste has moved a step closer with the visit over the past week by senior officials from the Millennium Challenge Corporation (MCC).

The MCC is charged with overseeing a massive innovative foreign assistance program of the United States Government that is designed to “reduce poverty through growth” in some of the poorest countries in the world.

As part of the proposed program and to complement the creation of jobs, vocational education and skills development in Timor-Leste will be greatly expanded.

The mission, led by Mr. Kumar Ranganathan, Country Director for Timor-Leste, visited Dili to continue the dialogue with authorities and Government on the final design of the proposed assistance.

The program will benefit large segments of society with increased job and income opportunities and improved levels of public services at lower cost, while simultaneously improving service delivery. The proposed Timor-Leste program is ambitious and includes a substantial amount of Millennium Challenge Account funding, along with contributions from the State Budget.

The country is committed to implementing a major development program over the next five years that will provide electricity services to large numbers of urban and rural households; ensure a substantial upgrading of the entire national and district road network; improve access to safe water and sanitation; and provide strong support for the development of the private sector.

Successful implementation of the program will result in the creation of thousands of long-term jobs throughout Timor-Leste.

Timor-Leste qualified for access to the Millennium Challenge Account (MCA) earlier this year.

One of the most important features of MCA assistance is the emphasis on giving selected countries the opportunity to identify their own priorities for achieving sustainable

economic growth and poverty reduction. While working closely with the MCC, Timor-Leste welcomes the opportunity to make its own decisions about development priorities, and about the design, management and implementation of programs supported by the MCA.

The program is reflected in a Compact between Timor-Leste and the MCC that defines responsibilities and includes measurable objectives and targets to assess progress in accelerating growth and reducing poverty. The Compact also describes how the country will govern and implement the program, including how it will ensure financial accountability, transparency and fair procurement.

As required under MCC procedures, a legal entity known as *MCA:Timor-Leste* and a Supervisory Board has been established within Timor-Leste to be responsible for the development and implementation of the Compact. The Board is chaired by the Vice Prime Minister. Other members are two Government officials, two representatives from the National Parliament, a representative from the Timorese business community, a representative from civil society, and the National Coordinator for the MCC program. The Board began operations in October 2006 and has already met four times to make decisions on the design and development of the MCC program.

In a meeting with the Supervisory Board for the MCA program earlier this week, the mission indicated that Timor-Leste is making impressive progress in preparing the Compact. For its part, the MCC would continue to work closely with the Board to support early completion of the Compact and its timely approval by the MCA. Once the Compact is signed and declared effective, the program would be implemented over a five-year period.

The MCC is an independent US Government corporation established by President Bush in January 2004 to administer the MCA. Low income countries that qualify for assistance are provided with support by the MCC for policy reform and capacity building that complements the contributions already being made by bilateral US development programs and by other donors.

The MCC is managed by a Chief Executive Officer and a public-private Board of Directors. The Board of Directors selects countries that are eligible to make a proposal for MCA assistance. A series of indicators is used to measure how well countries perform in three broad policy categories: ruling justly; investing in people; and encouraging economic freedom.

The Supervisory Board looks forward to a close and productive relationship with the MCC and the people of the United States of America.